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Pa. Commission on Old Age Pensions

Report of the Pa. Commission on Old Age...

Harrisburg

1921

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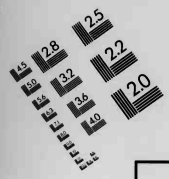

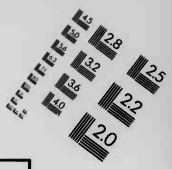

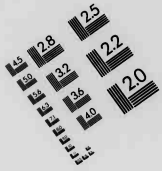

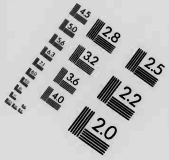

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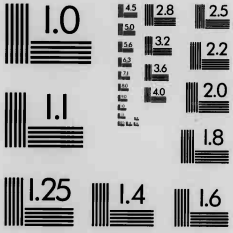

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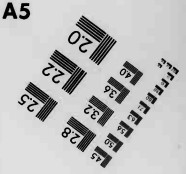

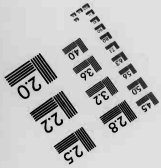

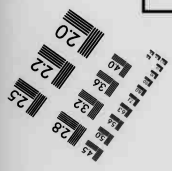

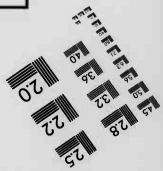

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REPORT

OF THE

PENNSYLVANIA COMMISSION

ON

Old Age Pensions

FEBRUARY, 1921

HARRISBURG, PENNA.
J. L. L. KUHN, PRINTER TO THE COMMONWEALTH
1921

To The General Assembly of the Commonwealth of Pennsylvania:

Pursuant to Joint Resolution No. 383-A, dated the 18th day of July 1919, providing for the continuation of the Commission "to investigate and report upon the subject of old age pensions" and further directing this same Commission "to make report and recommendations to the General Assembly of one thousand nine hundred and twenty-one," we beg to submit the following:

On March 15, 1919, we were afforded the opportunity of submitting to your honorable body a comprehensive report dealing with the conditions of the aged persons in the Commonwealth of Pennsylvania, as were disclosed in our investigations. Our report presented facts about the aged in the State relative to nativity, family connections, physical conditions, causes of disability, occupations, wages earned, sources of income, means of outside support, and the like. Our investigations included interviews with over 4,500 inmates, 50 years of age and over, residing in 60 almshouses in the State; facts in regard to over 2,000 inmates of 65 fraternal and benevolent homes for the aged; information relative to 500 aged recipients of private relief; and personal interviews with nearly 4,500 persons, 50 years of age and over, residing in Philadelphia, Pittsburgh, and Reading. In addition, our report presented a study of the almshouses and semi-public institutions for the aged in the State, as well as comprehensive analyses of the different industrial, municipal, teachers' and fraternal pension schemes in existence in the State. The report also contained a discussion of the problem of old age pensions, as well as a summary of the pension systems in existence in over 20 countries.

In presenting our preliminary report in 1919 we stated that on account of insufficient time and study, we were not prepared at that time to make final recommendations of a nature that would warrant their enactment into law by the State. We deemed it essential to secure further information, especially in regard to the old age pension systems actually in operation abroad. We expressed our hope that the Legislature will, either through ourselves or another body, carry on further study of the problem until its successful termination.

In its wisdom, the General Assembly of 1919 instructed us to continue our work and "to make a report and recommendation" to your honorable body. In compliance with these instructions, we beg to state that we have endeavored to comply, in both spirit and letter,

with the wishes of the Legislature. We have endeavored to do our utmost to work out concrete suggestions and to present to you our conclusions attained after careful study and consideration of the numerous problems involved.

We wish to call your attention to the Bill introduced by Senator M. G. Leslie, which represents the unanimous recommendations of our Commission. In presenting this bill we wish to state that it is our sincere conviction that the problems of the aged can no longer be ignored. We believe that the present time is a proper and propitious one for state action in regard to its old persons. To protect the aged by means of a constructive social policy represents no longer a legislative innovation, nor is it an Utopian experiment. Nearly 30 countries, including all the industrial nations of the world, have already enacted such legislation. Many of these have had such systems for a number of years, and it is important to note that not one nation has as yet returned to the earlier and haphazard methods of individual relief. Indeed, the tendencies in every country are to extend and liberalize the old age protection systems now in operation.

In proposing a non-contributory assistance system for the Commonwealth of Pennsylvania, we have been guided largely by the experiences of English-speaking countries where this system has been in successful operation for a number of years. A system of compulsory-contributory insurance, while sound in theory and practiced successfully in a number of European countries involves numerous difficulties—constitutional as well as psychological—which must first be overcome in this country. The cost of bookkeeping and accounting involved in a contributory scheme with the mobility of persons characteristic of such a State as Pennsylvania would doubtless consume most of the income which would be derived from such a plan. The cost of recording the movements and contributions of a citizen of Pennsylvania from his youth till he had reached the age of 65 can hardly be over estimated. Straight assistance plans are now in existence in the following countries: Australia, Alaska, Denmark, Great Britain, New Zealand, Uruguay, and partly in France. After a thorough study of the various old age insurance systems now in operation, we are convinced that a non-contributory assistance plan is a feasible plan which can be successfully established in Pennsylvania.

ADMINISTRATION—The Bill proposes to divide the detailed administration of the law between the State Board and County Boards. The State Board is given full authority to make the necessary rules and regulations and to approve or disapprove the acts of the County Boards.

AMOUNT OF ALLOWANCE—The Bill provides that the amount of assistance shall be fixed by the State Board, with due regard to the conditions in each case, but in no case shall it exceed twenty-five ($25) dollars per month to any one applicant.

AGE—The Bill proposes to commence the payment of assistance at the age of 65. With the exception of Great Britain, where the age of assistance is 70, all other countries set it at 65, and some even at 60. A few countries also award old age assistance at the age of 65 for men and 60 for women. The investigations of the Commission, as disclosed in the Report of 1919, as well as the more recent studies made of trade union members at work, and an examination of the wages of those pensioned by industrial concerns, would seem to indicate that very few wage-earners in Pennsylvania remain at work unimpaired in their incomes above the age of 65.

CITIZENSHIP AND RESIDENCE—The Bill requires citizenship of the United States and at least 15 years residence within the State, immediately preceding the date of application. It requires no stated number of years of citizenship, as we feel that to require a stated number of years of citizenship, in addition to residence, prior to the claiming of assistance would seem hardly justified in the case of a person who would be entitled to such assistance, because of his many years of services and contributions to Pennsylvania's industrial progress.

We believe, however, that a stated number of years of residence is necessary in order to prevent the influx of old people from other States for the purpose of obtaining assistance. Fifteen years would be a sufficient minimum, as men would hardly change their residence in order to obtain assistance at 65 much before that date. The Bill also provides that in the case of a person who has lived in Pennsylvania for 40 years the residence requirements immediately preceding his application shall be reduced from 15 to 5. This, we believe, is just as it would amount to an expression of gratitude on the part of the State to its loyal citizens.

CHARACTER QUALIFICATIONS—The Bill excludes from receiving assistance inmates of prisons, jails, poorhouses, and other charitable, reform or correctional institutions. The purpose is to exclude prisoners and paupers, as well as indigents who are already supported by the State or counties.

PROPERTY AND INCOME QUALIFICATIONS—The Bill proposes to give no assistance to all those who have an income in excess of $300 per year; to those who have property valued at more than $5,000, inclusive of a homestead; and to those who have children or others responsible for their support and fully able to do so. The Bill proposes to permit the retention of a homestead, when personally used, so as not to make the recipient entirely dependent upon the

assistance grant. This would serve furthermore as a compensation for thrift. The Bill provides, however, that upon the death of the recipient the total amount granted to that person, together with 3 per cent. interest, shall be deducted from the property and returned to the State Treasury, and the remainder returned to the legal heirs. This provision we consider just, as we believe that the purpose of the assistance is to protect the old in their last days and to make them somewhat more comfortable. It is not the function of the assistance, however, to increase the funds of the estate.

PAYMENT—The Bill suggests that payments be made in monthly or quarterly installments, as recommended by the County Boards.

HOW APPLICATION IS MADE—It is proposed that the applicant shall file an application with the County Board, which Board, after proper investigation, forwards its decision to the State Board, which in turn is empowered to approve or disapprove such decision. The applicant is also given the privilege to appeal to the State Board from the decision of the County Board in case of grievance.

In presenting this bill to your honorable body for enactment into law, we wish to state that we are presenting this as the result of months of careful investigation and study. We feel no hesitancy in submitting this to you for your enactment into law because we are convinced that upon examination of the problems facing the aged you will indorse our conclusions unqualifiedly.

The difficulties facing the old, under present conditions, cannot be solved through individual effort. And the present cost of our haphazard provisions for the aged, in actual money spent, in industrial inefficiency resulting from it, in suffering and personal degradation, are too stupendous to be permitted to continue. On the other hand, the benefits to be derived from a constructive plan of State assistance in terms of loyalty to the Commonwealth and Nation, in contentment and greater industrial efficiency, in indepedence and thrift and in family solidarity, are too manifest and pregnant with numerous potentialities for the good to be delayed much longer. It is our cherished hope that you will see the wisdom of our conclusions and endeavor to do all in your power to lighten the burdens, and make somewhat happier the declining days of the citizens who deserve well of this Commonwealth.

Respectfully,

JAMES H. MAURER,
Chairman.
MARY V. GRICE
ALLEN W. HAGENBACH
DAVID S. LUDLUM
HARRY W. SEMPLE

ABRAHAM EPSTEIN.
Director.

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